Supreme Court, U.S.
FILED
991681 APR 17 2000
OFFICE OF THE CLERK

No. _____

In The

Supreme Court of the United States

WILLIAM S. PURDY,

Petitioner,

v.

BURLINGTON NORTHERN SANTA FE CORP., A Delaware Corporation, and BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

This case raises the following question of first impression for this Court as to which there is not uniformity among the circuits:

> **The inferior courts are in disagreement on the issue, were the 1988 amendments to the Lanham Act intended to deny non-profit, non-commercial or public service entities from obtaining protectable service mark rights?**

LIST OF PARTIES

Petitioner:

William S. Purdy

Respondents:

Burlington Northern Santa Fe Corp.

Burlington Northern and Santa Fe Railway Company

Other Party:

BNSF Corporation

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PETITION FOR WRIT OF CERTIORARI

Petitioner William S. Purdy respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit in this case.

OPINIONS AND ORDER BELOW

The December 7, 1998 opinion of the United States District Court for the Northern District of Texas, Fort Worth Division, granting respondents partial summary judgment, declaring petitioners' service mark "BNSF" (U.S. TM. Reg. No. 2,047,970) void *ab initio*, and ordering that the service mark be canceled is unreported. The opinion is reproduced in the Appendix (hereafter cited as "App."), App. 5-10. The December 7, 1999 opinion of the United States Court of Appeals for the Fifth Circuit affirming the district court's rulings is unreported and is produced at App. 1-4.[1] The January 18, 2000 order of the Court of Appeals denying rehearing is unreported and is reproduced at App. 11-12.

JURISDICTION

The Court of Appeals' opinion affirming summary judgment and cancellation of petitioners' service mark

[1] Unpublished opinions on important trademark law issues are, however, often published in the United States Patent Quarterly (USPQ).

was entered on December 7, 1999. The Court of Appeals' order denying the petition for rehearing was entered on January 18, 2000. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

15 U.S.C. § 1127 of the Lanham Act is reproduced in the Appendix. (App. 13-24).

STATEMENT OF THE CASE

The Fifth Circuit holds that an applicant cannot obtain or maintain federal service mark registrations unless the applicant demonstrates that it provided its services for a "commercial" purpose. This is not the law. Respectfully, the court's ruling misinterprets the effect of 1988 amendments to the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, in a manner that threatens the long-held service mark registration rights of every non-commercial entity. Accordingly, review is appropriate under Rule 10(a) of the Supreme Court Rules on this ground alone. Alternatively, the Fifth Circuit's ruling is directly in conflict with long-standing precedents, as well as with a 1997 decision of the Second Circuit Court of Appeals, another basis for review under Rule 10(a).

Plaintiffs Burlington Northern Santa Fe and Burlington Northern Santa Fe Railway ("Burlington") invoked the district court's jurisdiction under 28 U.S.C. §§ 1331, 1338 and the Lanham Act, 15 U.S.C. §§ 1119,

1121, and under 28 U.S.C. § 1332, diversity jurisdiction. In its Second Amended Complaint Burlington alleged, among other claims, that Defendant Purdy's ("Purdy") service mark registration awarded by the Patent and Trademark Office for his service mark "BNSF" should be canceled because Purdy's pre-registration use of the mark constituted mere "token use."

Petitioner Purdy has, continuously since 1993, used the "BNSF" service mark to promote his railroad safety advocacy services, services identified in his service mark registration. (App. 2-3). Purdy was the first user of the "BNSF" mark, and used the mark in interstate commerce to promote the cause of enhancing railroad safety on business cards, flyers, and other devices marked with "BNSF" to publicize and advertise his services. (App. 3). For several years, Purdy conducted information-gathering and -dissemination regarding railroad safety matters. *Id.* Purdy's use of the BNSF mark has been that of advocacy, and "consciousness-raising in the public, apparently on behalf of a worthy cause," as the appellate court concluded. (App. at 3-4).

The appellate court's findings are consistent with the services identified by Purdy in the service mark granted to him by the Federal Patent and Trademark Office. The exact services identified in Purdy's service mark registration are: "testing of railroad safety equipment for others; collecting and providing information concerning railroad safety problems to the public, to governmental agencies and injured railroad employees." (U.S. TM. Reg. No. 2,047,970).

Following discovery, Burlington Northern filed a motion for summary judgment in the district court to cancel Purdy's "BNSF" service mark. The district court granted Burlington Northern's motion for summary judgment, despite Purdy's undisputed pre-registration use of the mark. Burlington argued and the district court agreed that under the 1988 amendments to the Lanham Act, Purdy was required to demonstrate "commercial" use of the "BNSF" service mark. (App. 8-9).[2]

Purdy filed a timely appeal of the district court's judgment. On appeal, Purdy argued that his service mark had been used in commerce continuously from 1993 to the present, that his use was not mere "token use," and that a limited profit motive did not, and should not, disqualify him from establishing a valid service mark. (App. 2). The Fifth Circuit Court of Appeals affirmed the district court's interpretations of the 1988 amendments to the Lanham Act. *Id.* The appellate court ruled that Purdy was required to demonstrate that the advocacy services were performed in connection with a for-profit commercial enterprise. (App. 3-4).

Purdy filed a timely petition for rehearing. In his petition, Purdy argued that the Fifth Circuit's ruling was contrary to other reported federal court of appeals' decisions which permitted federal service mark registrations on behalf of non-commercial, non-profit or limited profit motive corporations or entities. Purdy identified 17 service marks obtained by charitable and advocacy groups.

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[2] All other causes of action in Burlington Northern's Second Amended Complaint, and all of Mr. Purdy's counterclaims, were settled by the parties.

Purdy also contended that the court's ruling was contrary to the provisions of the Lanham Act, which he argued does not contain a commercial activity requirement. The Fifth Circuit denied the petition for rehearing without comment. (App. 11-12).

REASONS FOR GRANTING THE WRIT

THIS CASE RAISES IMPORTANT LANHAM ACT ISSUES AFFECTING LITERALLY EVERY NON-PROFIT OR PUBLIC INTEREST ADVOCACY GROUP'S SERVICE MARK REGISTRATION; THESE ISSUES HAVE BEEN SUBJECT TO CONFLICTING INTERPRETATIONS BY THE COURTS OF APPEAL

The Fifth Circuit held that to maintain his service mark registration, Purdy must demonstrate "commercial" use of the service mark. (App. 3-4). The court states that its ruling is "reinforced" by a recent ruling of the Sixth Circuit, *Allard Enterprises, Inc. v. Advance Programming Resources, Inc.*, 146 F.3d 350 (6th Cir. 1998). The Fifth Circuit misinterprets the effects of the 1988 amendment to the Lanham Act. Petitioner respectfully submits a writ should issue to resolve this important issue.

The Fifth Circuit's ruling is also directly in conflict with numerous, long-standing precedents as well as with a recent decision of the Second Circuit Court of Appeals. *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998). There, the Second Circuit ruled that the Lanham Act provision at issue, 15 U.S.C. § 1127, does not contain a "commercial activity" requirement. Petitioner

respectfully submits that a writ should issue to resolve this conflict on these important issues.

A. Important Service Mark Registration Rights and Lanham Act Interpretation Issues Are Presented.

If permitted to stand, the Fifth Circuit's commercial activity requirement could be used to invalidate or deny approval to every service mark sought by, or already issued to, non-profit corporations, public service organizations, or advocacy service entities. Under this ruling, no entity could obtain a service mark registration unless it had a "commercial" purpose.

Numerous non-commercial entities have obtained service marks. Courts and the commentators concur that these rights are just as important to these non-commercial entities as such rights are to commercial entities. The term "services" under the Lanham Act has been broadly interpreted, and service mark protection is "as available" to public service and advocacy entities as it is to merchants and manufacturers. *United We Stand*, 128 F.3d at 89 (citation omitted). "In support of this view, McCarthy comments that 'retention of a distinct identity [by a non-profit organization that sells no goods] is just as important as it is to a commercial entity.' " *Id.*, quoting, 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 9:5 (4th ed. 1996).

Indeed, the Lanham Act has been interpreted to provide service mark protection to numerous non-profit corporations, public service organizations and advocacy

service companies providing a wide variety of non-commercial public and civic benefits, like Purdy in the case at bar. *See United We Stand*, 128 F.3d at 89-90, *citing, Kappa Sigma Fraternity v. Kappa Sigma Gamma Fraternity*, 654 F.Supp. 1095, 1101 (D.N.H. 1987); *American Diabetes Ass'n. Inc. v. Nat'l Diabetes Ass'n*, 533 F.Supp. 16, 20 (E.D. Pa. 1981); *United States Jaycees v. Philadelphia Jaycees*, 490 F.Supp. 688, 691 (E.D. Pa. 1980); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F.Supp. 61, 64-65 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226 (9th Cir. 1975); *Brach Van Houten Holding, Inc. v. Save Brach's Coalition for Chicago*, 856 F.Supp. 472, 475-76 (N.D. Ill. 1994); *Committee for Idaho's High Desert v. Yost*, 881 F.Supp. 1457, 1470-71 (D. Idaho 1995), *aff'd*, 92 F.3d 814 (9th Cir. 1996); *see also*, McCarthy, § 9:5, and numerous cases there cited; *Blinded Veterans Association v. Blinded American Veterans Foundation*, 872 F.2d 1035 (D.C. Cir. 1989); Purdy's Petition for Rehearing at pp. 10-14 (listing 17 such organizations, including public awareness advocacy companies like Purdy's, which have obtained service mark registrations from the Patent and Trademark Office).[3]

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[3] These marks are: MAKE-A-WISH – Reg. No. 1,570,208; HELP PROMOTE WRECKLESS DRIVING – Reg. No. 2,284,979; DIAL – THE CATHOLIC FAITH – Reg. No. 1,414,567; CHRISTIAN FREEDOM INTERNATIONAL – Reg. No. 2 272,353; FARMERS INSURANCE GROUP SAFETY FOUNDATION – Reg. No. 1,910,587; WILD PIG FOUNDATION – Reg. No. 2,260,070 (conservation and animal preservation services); TROPICAL FOREST FOUNDATION – Reg. No. 2,214,236; NATIONAL HEALTH FOUNDATION – Reg. No. 2,233,460; D.A.R.E. – Reg. No. 1,936,476; MOTORCYCLE SAFETY FOUNDATION – Application Serial No. 75-297332; MADD – Reg. No. 1,250,706; INTERNATIONAL LIFE

This case therefore presents a significant issue of statutory interpretation of the Lanham Act, an increasingly significant provision of the federal law. The Fifth Circuit affirmed the district court's interpretation of the 1988 amendments to the Lanham Act, and held that the amendments to § 1127 added a requirement that use of a service mark must be a "commercial" use. (App. at 3-4, 8-9). To the contrary, the amendments did not change the definition of "commerce" or "in commerce." As the Second Circuit observed, the definitions of "commerce" and "in commerce" have remained unchanged since the Lanham Act's adoption in 1946. *United We Stand,* 128 F.3d at 92-93.

The amendments instead changed the definition of "use" to require more than "token use" to obtain a service mark registration, and not the definitions of "commerce" or "use in commerce." As one commentator described the TLRA revisions, "Congress changed the statutory definition of 'use' to require a greater degree of activity." *Id.* § 16:8. Purdy undisputedly used his "BNSF" service mark continuously over a number of years to perform his advocacy services, which are a large part of the services identified in his service mark registration, and therefore his service mark registration should not have been canceled.

SCIENCES INSTITUTE NEWS – Reg. No. 2,214,380; KNOCK OUT DRUGS – Reg. No. 1,437,533; CANCER SURVIVORS ARE N LOVE WITH LIFE – Reg. No. 2,224,542; HIGH/SCOPE – Reg. No. 2,274,332 (educational services, namely, conducting workshops and seminars in the field of early childhood and adolescent education); AMNESTY INTERNATIONAL, U.S.A. – Reg. No. 1,586,227; UNITED WAY OF AMERICA – Reg. No. 1,004,389.

The Fifth Circuit's misinterpretation therefore threatens to eviscerate the rights of non-commercial entities to obtain or retain their service mark registrations. For example, non-commercial organizations like the Red Cross of America would not be allowed to retain its federally-registered "red cross" symbol, or prohibit others from adopting and using the symbol under the Fifth Circuit's ruling.

Regardless of the Fifth Circuit's ruling here, the issues presented in this case therefore are undeniably important ones. The issues concern whether non-commercial entities may obtain or retain significant service mark rights, and the proper interpretation of the 1988 amendments to the Lanham Act. Until this Court addresses these issues, the lower courts will continue on the paths identified herein. Petitioner respectfully submits that a writ should issue to resolve these important issues.

B. This Court Should Resolve The Conflict In The Circuit Courts of Appeals As To Whether Non-commercial Or Limited Commercial Advocacy Services Similar To Purdy's In This Case Qualify For Registration As Service Marks Under 15 U.S.C. § 1127.

The district court held that the 1988 amendments to § 1127 added a requirement that a service mark registration holder must demonstrate that he or she used the service mark for "commercial" purposes. (App. 8-9). Although the Fifth Circuit found that Purdy had provided advocacy services continuously for a number of years, the Fifth Circuit concurred with and affirmed the

district court's holding that Purdy was required to prove "commercial" use of his service mark in a "business venture." (App. 3-4).[4]

The Fifth Circuit's ruling conflicts with the numerous cases cited in Section A, *supra*. For example, in 1997, the Second Circuit issued an opinion with a contrary result. Specifically, the Second Circuit held that § 1127 does not require "commercial" activity. *United We Stand America, supra*. The defendant, a political advocacy organization, argued that it could not infringe plaintiff's service mark because defendant did not provide its advocacy services "in commerce," contending that the "in commerce" provisions of the Lanham Act must be limited to profit-seeking or commercial ventures. The Second Circuit expressly rejected this interpretation of the statute. *Id.*, 128 F.3d at 92-93.

The Second Circuit reviewed the text and the legislative history of the "in commerce" provisions of the Lanham Act, and concluded:

> The history and text of the Lanham Act show that "use in commerce" reflects Congress's intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark.

Id. at 92.

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[4] The Fifth Circuit concluded that its decision was "reinforced" by a recent reported decision of the Sixth Circuit Court of Appeals, *Allard Enterprises, supra*. (App. 3-4).

As to the text of the act, the Second Circuit found that the relevant text of § 1127 had remained "unchanged since 1946" when the Lanham Act was first enacted. *Id.* Section 1127 provides in relevant part that "the intent of this chapter is to regulate commerce within the control of Congress. . . . ", and that " 'commerce' means all commerce which may lawfully be regulated by Congress." *Id.* (*see also*, § 1127 at App. 13, 18).

As to the legislative history of § 1127, the Second Circuit cited the Senate Commission of Patents' report that accompanied the enactment of the Lanham Act. The Second Circuit concluded that the legislative history evinced an intent to regulate "in commerce over which Congress has plenary power. . . . " *Id., citing* S.Rep.No. 79-1333 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1277.

The Second Circuit concluded that § 1127 does not contain any commercial activity requirement. *Id.* at 92-93 (citation omitted). "It appears that 'use in commerce' denotes Congress's authority under the Commerce Clause, rather than an intent to limit the (Lanham) Act's application to profit-making activity." *Id.* at 92-93; *see also*, McCarthy, § 19:123 ("use in commerce" should be read as "use *affecting* commerce.") (emphasis in original).

The Fifth Circuit's ruling, which imposed a "commercial activity" requirement on Purdy, directly conflicts with the holding in *United We Stand* from the Second Circuit. The Fifth Circuit's ruling also conflicts with the holdings of the long-standing precedents cited in Section A, *supra*. Accordingly, Petitioner respectfully submits that

a writ should issue to resolve the conflict on this important issue.

CONCLUSION

For the foregoing reasons, certiorari should be granted.

Respectfully submitted,

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App. 1

UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 98-11485
Civil Docket #98-CV-70

BURLINGTON NORTHERN SANTA FE CORP., A Delaware Corporation

BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Plaintiffs-Appellees,

versus

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY, An Individual,

Defendant-Appellant.

Appeal from the United States District Court
for the Northern District of Texas

(Filed Dec. 07, 1999)

Before JONES and DENNIS, Circuit Judges, and PRADO*, District Judge.

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* District Judge of the Western District of Texas, sitting by designation.

EDITH H. JONES, Circuit Judge:**

William S. Purdy challenges the district court's grant of summary judgment, which declared that his registration of the service mark "BNSF" with the United States Patent and Trademark Office is void ab initio and must be cancelled. Purdy argues that his service mark has been used in commerce continuously from 1993 to the present, that it is not mere "token use," and that his limited profit motive does not disqualify him or his company from establishing a valid service mark. Finding no error in the district court's contrary conclusion, we affirm.

We have reviewed the district court's opinion and the record evidence *de novo*. The district court correctly stated the applicable law and focused on the twin requirements of "use in commerce" to support a valid service mark registration: that the mark has been used in the promotion of services, and that the services identified by the mark *have been rendered* in interstate commerce. 15 U.S.C. § 1127 (emphasis added). As the court noted and legislative history demonstrates, mere token use is insufficient to justify federal registration. The court accepted all of Purdy's allegations as true and still found that "Purdy did not make a *bona fide* use of the mark BNSF in the ordinary course of trade before the mark was registered to him."

**Pursuant to 5TH CIR. R. 47.5, the Court has determined that this opinion should not be published and is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.

Having reviewed the summary judgment record, we must agree with the district court's application of the facts to the law. It is uncontested that Purdy has used the designation "BNSF" to promote the cause of enhancing railroad safety and that he has used business cards, flyers, markings on his car, and other devices emblazoned with "BNSF" for publicity and advertising purposes. Nevertheless, he has not fulfilled the second part of the test – the actual rendition of services in interstate commerce – except by sporadic and insubstantial transactions. The record identifies only a handful of instances in which Purdy was paid anything for his "services," and all of these incidents involved work performed for long-time friends. Nominal or token sales to personal friends do not constitute a *bona fide* commercial use of a trademark. J. McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 16:7 (4th ed. 1997) (citing cases). For several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, but the record is bereft of evidence that he was engaged in trade or commerce using the "BNSF" mark. Instead, Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause. While we do not belittle Purdy's activities, they do not demonstrate use of the service mark in furtherance of a business intended to provide services for reimbursement.

A recent circuit court decision reinforces our conclusion. *Allard Enterprises, Inc. v. Advance Programming Resources, Inc.*, 146 F.3d 350 (6th Cir. 1998). In *Allard*, the defendant's use of advertising materials was similar to that of Mr. Purdy, but the defendant had actually sold his

employment services to third parties, and the entire purpose of the advertising was to promote the venture for profit. Purdy's advertising has been devoted to consciousness-raising in the public rather than to the promotion of a business venture. He rendered services for reimbursement in connection with the advertising in only a *de minimi* fashion. He used a mark, but not in trade.

For these reasons, the judgment of the district is approved and *AFFIRMED*.

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

BURLINGTON NORTHERN SANTA FE CORPORATION, ET AL.,	§	**NO. 4:99-CV-070-A**
Plaintiffs,	§	**RECEIVED DEC. 09, 1998**
vs.	§	
WILLIAM S. PURDY, ET AL.,	§	
Defendants.	§	

MEMORANDUM OPINION
and
ORDER

(Filed Dec. 7, 1998)

Having considered the motion of plaintiffs, Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company, for partial summary judgment against defendants, William S. Purdy ("Purdy") and BNSF Corporation, defendants' response thereto, plaintiffs' reply, the pleadings, the summary judgment evidence, and applicable authorities, finds plaintiffs' motion should be granted.

Broadly defined, one of the issues in this case is whether Purdy's federal registration of the mark "BNSF" is valid. Plaintiffs have pleaded several grounds of invalidity, but have limited their motion for partial summary judgment to their contention that the mark is void *ab initio* because Purdy had made no "use in commerce" of the mark prior to filing his registration application.

The Lanham Act provides that a trademark must be "in use in commerce" in order to be registered. 15 U.S.C. § 1051(a)(1)(A). Section 3 of the Lanham Act states "service marks shall be registerable, in the same manner and with the same effect as trade-marks. . . . " 15 U.S.C. § 1053. Thus, a service mark must be "in use in commerce" before it can be validly registered. *Bright Beginnings, Inc. v. Care Comm., Inc.*, U.S.P.Q.2d 1712, 1714 (C.D. Cal. 1994). The term "use in commerce" is defined in the Lanham Act as follows:

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce –
>
> . . .
>
> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127. There are two essential elements of "use in commerce":

> "[U]se in commerce" as applied to a service mark involved two essential elements. . . . "A service mark is deemed to be used in commerce when the mark is used in the sale or advertising of services and the services identified by the mark are rendered in commerce. . . . Thus, to qualify for registration, the mark in question, at

> the time the application is filed, must not only have been used in the advertising of services, but the services identified by the mark must have been rendered in commerce lawfully regulated by Congress.

In re Sanger Telecasters, Inc., 1 U.S.P.Q.2d 1589, 1590 (T.T.A.B. 1986) (quoting *ERA Corp. v. Electronic Realty Assocs., Inc.*, 211 U.S.P.Q. 734, 746 (T.T.A.B. 1981)).

The court decisions seem to be uniform in holding that for there to be "use in commerce" to support a valid registration of a service mark, there must be proof, first, that the mark has been used in the promotion of services, and, second, that the services identified by the mark have been rendered in interstate commerce. *See In re Kronholm*, 230 U.S.P.Q. 136, 137 (T.T.A.B. 1986); *In re Cedar Point, Inc.*, 220 U.S.P.Q. 533, 535 (T.T.A.B. 1983); *The Greyhound Corp. v. Armour Life Ins. Co.*, 214 U.S.P.Q. 473, 474 (T.T.A.B., 1982); *Intermed Comms., Inc. v. Chaney*, 197 U.S.P.Q. 501, 507-08 (T.T.A.B. 1977). A service mark is not validly registered unless it has been "used in commerce" in connection with the services the applicant describes in his registration application.

The mere adoption of a mark does not entitle the adopter to have the mark registered. *See In re Nationwide Mutual Ins. Co.*, 124 U.S.P.Q. 465 (T.T.A.B. 1960). Historically, firms, corporations, and individuals have always been required to use trademarks in commerce in order to gain rights in such marks. In so requiring, the law prevents entrepreneurs from reserving brand names in order to make their rivals' marketing more costly. Public sales and use puts others on notice that a mark is currently in use, and developing a similar mark would be a waste of

time and money. *Zazu Designs v. L'Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (citing *Blue Bell, Inc. v. Farah Manufacturing Co.*, 508 F.2d 1260, 1264-65 (5th Cir. 1975)). However, only "active use" puts consumers on notice that a mark is associated with a product or service, and notifies other firms and corporations that a mark is so associated. *Id.*

Prior to November 16, 1989, the Lanham Act deemed a mark "used in commerce" when it was "placed in any manner on the goods or their containers or their displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce." Under this standard, a single or "token" sale was bona fide use of a mark and was sufficient foundation upon which an applicant could file to register such a service mark. *See Fort Howard Paper Co. v. Kimberly-Clerk Corp.*, 390 F.2d 1015, 1016-17, 157 U.S.P.Q. 55 (C.C.P.A. 1968); *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1199, 202 U.S.P.Q. 643 (9th Cir. 1979). However, even under this lenient standard, there had to be actual trade in the goods sold under the mark, or at least an active or public attempt to establish such a trade, in order for a trademark to exist, *see Zazu Designs*, 979 F.2d at 503 (7th. Cir 1993) (applying the law as it existed prior to the 1988 amendments to the Lanham Act). In 1988, Congress amended the Lanham Act. In so doing, it expressly changed the meaning of the term "use in commerce." Under the new definition, "use in commerce" means "the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark." 15 U.S.C. § 1127.

Furthermore, the legislative history demonstrates that Congress wished to eliminate "token" use of a mark as a basis for registration, and instead apply a stricter standard that requires "commercial use of the type common to a particular industry in question." *See Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1774 (T.T.A.B. 1994) (discussing the legislative intent behind the 1988 amendments to the Lanham Act).

If the "use in commerce" requirement of the Lanham Act did not exist at the time the BNSF mark was registered to Purdy, the registration is void *ab initio*, and should be canceled. *See Bright Beginnings*, 30 U.S.P.Q.2d at 1714; *American Hygenic Laboratories, Inc. v. Tiffany & Co.*, 12 U.S.P.Q.2d 1979, 1984 (T.T.A.B. 1989).

The record is complete in the sense of demonstrating everything on which Purdy relies as constituting "use in commerce" when he applied for registration of the mark. The court has concluded that, even if all of the circumstances upon which Purdy relies were to be accepted as factually correct, there still would not be "use in commerce" within the meaning of the Lanham Act. The summary judgment record establishes without dispute that Purdy did not make a bona fide use of the mark BNSF in the ordinary course of trade before the mark was registered to him. Whatever use he made of the mark was token use that would not qualify for registration.

Thus, the court concludes that the registration to Purdy of the mark BNSP (U.S. TM. Reg. No. 2,047,970) is void *ab initio* and should be canceled. Therefore,

The court ORDERS that plaintiffs' motion for partial summary judgment be, and is hereby, granted; the court

further ORDERS and DECLARES that the registration of service mark "BNSF" (U.S. TM. Reg. No. 2,047,970) by the United States Patent and Trademark Office to Purdy is void *ab initio;* the court further ORDERS that the registration by the United States Patent and trademark Office to Purdy of the service mark "BNSF" (U.S. TM. Reg. No. 2,047,970) be, and is hereby, canceled.

The court determines that there is no just reason for delay in, and hereby directs, entry of final judgment as to the issues resolved by this memorandum opinion and order.

SIGNED December 7, 1998.

/s/ John McBryde
John McBryde
United States
District Judge

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 98-11485

BURLINGTON NORTHERN SANTA FE CORP, A Delaware Corp; BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation

Plaintiffs – Appellees

v.

WILLIAM S PURDY, ET AL

Defendants

WILLIAM S PURDY, An Individual

Defendant – Appellant

Appeal from the United States District Court
for the Northern District of Texas, Fort Worth

ON PETITION FOR REHEARING

(Filed Jan. 18, 2000)

Before JONES and DENNIS, Circuit Judges, and PRADO*, District Judge.

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* District Judge of the Western District of Texas, sitting by designation.

PER CURIAM:

IT IS ORDERED that the petition for rehearing filed in the above case is DENIED.

ENTERED FOR THE COURT:

/s/ Edith Jones
United States Circuit Judge

REHG-2

15 USC § 1127. Construction and definitions; intent of chapter

In the construction of this Act, unless the contrary is plainly apparent from the context –

The United States includes and embraces all territory which is under its jurisdiction and control.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "principal register" refers to the register provided for by sections 1 through 22 hereof [*15 USCS §§ 1051*-1072], and the term "supplemental register" refers to the register provided for by sections 23 through 28 thereof [*15 USCS §§ 1091*-1096].

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term "person" also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

The term "Director" means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms "trade name" and "commercial name" mean any name used by a person to identify his or her business or vocation.

The term "trademark" includes any word, name, symbol, or device, or any combination thereof –

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by

others and to indicate the source of the goods, even if that source is unknown.

The term "service mark" means any word, name, symbol, or device, or any combination thereof –

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term "certification mark" means any word, name, symbol, or device, or any combination thereof –

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

The term "collective mark" means a trademark or service mark –

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

and includes marks indicating membership in a union, an association, or other organization.

The term "mark" includes any trademark, service mark, collective mark, or certification mark.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce –

(1) on goods when –

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of –

(1) competition between the owner of the famous mark and other parties, or

(2) likelihood of confusion, mistake, or deception.

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The

phrase "marks registered in the Patent and Trademark Office" means registered marks.

The term "Act of March 3, 1881," "Act of February 20, 1905," or "Act of March 19, 1920," means the respective Act as amended.

A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

The term "domain name" means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

The term "Internet" has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 *(47 U.S.C. 230*(f)(1)).

Words used in the singular include the plural and vice versa.

The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions

respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.